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SENSITIVE
SIPDIS

STATE FOR AF/E - MBEYZEROV - AND OES - MJOHNSEN
USDOC FOR RTELCHIN
TREASURY FOR FBOYE
ADDIS FOR KBAUMAN AND IHERSH
USAID FOR AFR/EA - CTHOMPSON

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TAGS: [SENV](#) [ETTC](#) [ECON](#) [ETRD](#) [MA](#)
SUBJECT: FRUSTRATED DEVELOPMENT PARTNERS DISCUSS HOW TO IMPROVE
ENVIRONMENTAL GOVERNANCE

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11. (SBU) Summary: The forestry sector in Madagascar continues to be decimated by rampant unsustainable and illegal practices, especially in the northeastern region of the country. The Ambassador hosted a roundtable discussion on Jan 21 with NGOs and like-minded ambassadors to discuss the causes of the problem and possible responses, which are detailed in this cable. The lack of political will at multiple levels of the government of Madagascar, combined with insufficient surveillance and controls, and the contradiction between legal and regulatory texts have created an enabling environment for illicit behavior that has long-term economic, environmental and social consequences. The de facto government created a Task Force and issued a series of inter-ministerial orders between September and December 2009 to "clean up" the existing stocks of illegal wood, but none of the governmental orders respected the existing legislation on forest exploitation in Madagascar. On the non-government side, the environmental technical and financial partners responded with multiple actions to the increased threats on the environment, but have had little impact given the absence of a real commitment on behalf of the government to address the sense of open access to resources. End summary.

Roundtable on Environmental Governance

12. (U) The Ambassador hosted a roundtable discussion on Jan 21 with civil society organizations, conservation NGOs, and the diplomatic and donor communities to discuss the growing problem of environmental governance, including illegal forestry activities, the recent proliferation of fishing and mining licenses, and exports of endangered species protected under CITES. This cable outlines that discussion, including recommendations on follow-up actions, and provides an update on illegal logging in Madagascar.

Illegal Decrees Provide "Legal" Cover for Exports

13. (U) On September 21, 2009 inter-ministerial decree no. 38244/2009 was issued for the exceptional export of non-processed precious woods from Madagascar. The decree authorized up to 25 containers each of precious woods, including rosewood, ebony and palissandre, for 13 operators, and specified that the sale or export of the authorized stocks should be completed by November 30, 2009 in the regions of Sava and Analanjiofo. Information obtained from the Sava region in early December, however, identified at least 27 operators that were in the process of exporting unprocessed precious woods.

14. (U) On October 5, 2009 a second inter-ministerial decree, no. 38409/2009, was issued to establish procedures that must be followed

to grant export permits. This includes required documentation on source, volume, quantity, destination and other factors. The decree states that designated task force and forestry service investigators will attempt to verify paperwork and stocks. The government does not appear to have the capacity or the consistent will to effectively enforce the procedures. The decree also gave the government authority to seize improperly documented wood.

¶5. (U) On November 30, 2009, note no. 190-PM/SP.09 was issued by the former Prime Minister forbidding any additional exploitation and export of precious wood beyond November 30, 2009.

¶6. (U) On December 31, 2009, another note, no. 218-PM/SP.09, was issued by the current Prime Minister which extended -- with no expiration date -- the export of unprocessed and semi-processed woods by operators who had already met the requirements of the September 21 inter-ministerial decree by November 30, 2009.

Decrees Contradict Malagasy Law

¶7. (U) It has been illegal to fell certain hardwood species since ¶2002. Given the amount of logs involved, it is clear that the wood intended for export under any of the recent decrees has been illegally harvested, rather than uprooted by cyclones or other natural forces. As precious hardwoods have been completely logged out of some forests, the unsustainable wood trade is now moving to other species. This environmental deterioration jeopardizes the overall health of the ecosystem and threatens downstream rice producing zones.

Donors and NGOs Take Action

¶8. (U) The environmental technical and financial partners hold a monthly roundtable, and have set up an Environmental Governance Group as a sub-committee of this roundtable. This group is tasked

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with addressing current environmental governance issues related to illegal exploitation of natural resources. It has disseminated information and raised awareness at the international, national and local levels, mobilized key Malagasy stakeholders to advocate effectively against illegal logging, and improved information flow between all actors at all levels through media articles, conference debates, and declarations.

Local Civil Society Sues the Government

¶9. (U) The crisis has led to the emergence of a vibrant civil society movement, known as the Voary Gasy Alliance, that is demanding accountability of the government for the plundering of natural resources and illegal logging. Many member organizations in this nascent movement are past beneficiaries of USG technical assistance. This platform of 29 Malagasy civil society organizations serves as an information and lobbying platform with a focus on increasing communication and raising awareness about the illegal exploitation of natural resources and the trafficking and poaching of endangered species. The Alliance also filed suit against the government for the illegal issuance of the Sept 21 inter-ministerial order that was based on the outcome and conclusions of the legal study commissioned by environmental partners' roundtable.

International Mobilization

¶10. (U) Global Witness and Environment Investigative Agency (GW/EIA) through the Madagascar National Parks exposed the current illegal logging situation as an environmental crime at the international level. GW/EIA examined the supply chain from producer to consumer, focusing on countries which launder illegal timber such as China, with pressure on consumer markets in Europe, Japan, and the U.S. GW/EIA transmitted information to targeted buyers and suppliers and worked with the U.S. Fish and Wildlife Service (U.S. FWS) on the application of the Lacey Act which does not allow the import, export, transport, sale, receipt or purchase of plant materials taken, possessed, transported, or sold in violation of US or foreign laws. This includes timber from parks and protected areas. One of

their actions included a raid on the U.S. Company, Gibson Guitar, who has been importing processed hardwood from Madagascar. While the Malagasy Minister of Environment endorsed the content and recommendations of the GW/EIA report, there has been little application of the recommendations.

¶11. (U) There have been efforts to mobilize donors to provide continued funding for protected areas and communities living in the peripheral zones of the highly vulnerable protected areas. Through lobbying efforts by three international conservation NGOs, the World Bank provided a waiver to allow for the continued use of Environmental Program 3 (EP3) funds (USD 12 Million) for social and environmental safeguards with a focus on continued support to Madagascar National Parks that prioritizes protected areas facing threats of illegal exploitation of natural resources.

Tarnished Image Hinders Fundraising

¶12. (U) Nearly 4.6 million hectares of protected areas are currently under increased threat of irreversible destruction due to the lack of good natural resource governance. The increased illegal logging tarnished the image of Madagascar, nationally and internationally, as a country committed to the protection of its unique biodiversity and natural resources. The credibility of wood harvesting and sales is being questioned in international forums, such as the recent UNFCCC meeting in Copenhagen. As global partners move forward in funding adaptation and mitigation measures for climate change, such as REDD, investors and financial partners are questioning the viability of investing in Madagascar. Tourism, which represents significant income generation, is also being seriously affected by Madagascar's tarnished image.

Who Benefits? A Few Traders and Corrupt Officials

¶13. (SBU) The overriding cause of illegal exploitation of natural resources continues to be the general lawlessness that reigns in Madagascar. The de facto government perceives natural resources as a ready source of revenue. Short term gains outweigh the need to consider implications for long term sustainable environmental management. A significant amount of precious resources are lost from this uncontrolled timber harvesting, meanwhile rural Malagasy only marginally benefit from this illegal trade of precious wood, as the international value of the exported wood is over 600 times the

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benefits to the collector.

¶14. (SBU) The environmental partners roundtable commissioned a study on the economic costs and benefits of the export of hardwood in November 2009. In comparison to an average quantity of 1,204 cubic meters per year between 2000 and 2005, 1,211 containers holding around 26,642 cubic meters of precious woods have been exported over the last ten months following the two inter-ministerial orders issued in January and September 2009. This corresponds to a total value of approximately USD 175 million. The value of the 325 containers to be exported under the September 21 inter-ministerial order will only bring USD 15.5 million of "official" revenue to the state. "Unofficial" corrupt payments are believed to be significantly higher.

Impact of Funding Cuts

¶15. (U) The decrease in international financial support for the environment sector has weakened pressure for environmental governance as there is no longer the traditional "donor conditionality stick". The international and national NGOs are working to maintain support to communities who are on the front lines, but their resources have decreased as Madagascar's image as a country that cares about its environment has plummeted, and private donors hesitate to provide funding.

Recommendations from the Roundtable

¶16. (U) The Jan 21 roundtable discussion culminated in a number of recommendations:

a) Encourage the government to seize the remaining illegally-sourced wood (180 containers). The government would have to reimburse any fees that were paid by the timber traders, the rosewood would be auctioned through a transparent and open process, and then the revenues would be equitably distributed to the government and the communities.

b) Include the anti-corruption agency, BIANCO, in the Environmental Governance Group. Denounce the known illegal timber traders, companies, and high level individuals involved in this industry. The masterminds and traders could be prosecuted through the enforcement of criminal law. Pressure should also be applied for a formal response to the Voahary Gasy law suit against the transition government for the illegality of the inter-ministerial orders.

c) Reinforce international contacts and communication to inform international buyers, transporters, banks, and other private sector actors in the supply chain about the illegal nature of all wood coming from Madagascar. Pursue the possibility of international sanctions against traders and companies involved in the illegal exploitation of natural resources.

d) Organize an international or national conference to discuss the different elements of the supply chain with all of the actors. The objective would be to identify common challenges and solutions and to create a viable joint plan of action with clearly measurable benchmarks.

e) Provide continued support to local communities and civil society who are on the front lines in protecting Madagascar's unique natural resources and remain underrepresented in decision making around environmental issues.

f) Increase knowledge of the economic benefits of good environmental governance as a key element to capture revenues from climate change initiatives, including Reducing Emission from Deforestation and Forest Degradation (REDD). The climate change meeting in Copenhagen resulted in a commitment of USD 3.6 billion by six nations (US, France, Australia, UK Norway, and Japan) to address deforestation and degradation as a key element in providing adaptation and mitigation measures against climate change through the end of the [2012](#).

Comment: A Herculean Task

[¶17](#). (SBU) The businessmen involved in rosewood export are relatively few, and their identities have long been known. The de facto authorities could tackle the problem if they so desired, but high-level officials are benefitting from the trade. Given the lack of political will by the HAT to address these issues, local actions are likely to have a limited impact at this time. Attacking the

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problem by reducing international demand in Europe and the U.S. offers a more promising alternative. End comment.